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SOUTHEAST ASIA

2. Li Mi reluctant to withdraw his troops from Burma:

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General Li Mi, commander of Chinese Nationalist forces in Burma, has told Chiang Kai-shek's chief of staff that the evacuation of his troops from Burma would be a mistake, since the Chinese Communists would occupy northern Burma as soon as he withdraws. He indicated, however, that he would remove his forces to Formosa if so ordered.

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In addition, Li Mi stated that his policy of cultivating the Karen insurgents was designed to keep them in the anti-Communist camp.

Comment: In view of their past ineffectiveness against the Chinese Communists in Yunnan, it is doubtful whether Li's forces, believed to number less than 10,000, are a deterrent to Chinese Communist operations in northern Burma.

Li's remarks concerning the Karens directly confirms numerous reports since last summer of cooperation between the Nationalists and the Karens. Such cooperation may well have caused the Karens to terminate negotiations for an alliance with the Burmese Communists.

3. American Ambassador comments on Burmese statement concerning Chinese Nationalists:

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Ambassador Sebald, in commenting on the text of Premier Nu's statement charging aggression by the Chinese Nationalists, notes the absence of any recrimination against the United States.

He believes this indicates that the Burmese Government will continue friendly relations with the West. He points out, however, that the speech also reflects a fear of the attitude Peiping might take as a result of possible UN discussions and foreshadows closer Burmese cooperation with the Chinese Communists. The Ambassador also emphasizes the bitterness in the speech toward the Nationalist Government and the Burmese sense of hopelessness at facing the issue alone.

4. Quirino plans to charge Magsaysay with misuse of Philippine Army funds:

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President Quirino plans to accuse former Defense Secretary Magsaysay of malfeasance in office, according to reliable Embassy

sources. The "startling discovery" that Magsaysay used defense funds to further his political campaign will be announced soon by the army chief of staff and by the Secretary of Justice, who will assume the Defense portfolio.

Comment: Sensational charges by Quirino against Magsaysay, who resigned as Defense Minister on 28 February, can be expected as long as the latter remains a possible rival for the presidency in the November elections.

Nacionalista Party leaders have signed an agreement to make Magsaysay their presidential candidate, but several sources have expressed the opinion that he will be dropped if his political value deteriorates.

NEAR EAST - AFRICA

5. Comment on Tudeh position in current Iranian situation:

Current Tudeh attempts to exploit the confused situation in Iran suggest that the Communists are not ready for an all-out assault on the government, but believe that Mossadeq's continuation in power will best serve their interest in what they regard as a maturing "revolutionary situation."

On 28 February the Tudeh press came out for a united front of pro-Mossadeq elements. This was followed by repeated attempts to obtain the Prime Minister's consent to Tudeh collaboration.

Concurrently the Tudeh, in line with its desire to overthrow the dynasty and to remove American influence from Iran, unsuccessfully tried to turn the demonstrations in Tehran against the United States and the Shah.

The diverse nature and conflicting interest of the forces opposing Mossadeq would undermine any government brought to power by his defeat and would presumably present the Tudeh with a new chance to further its aim of obtaining control of the government.

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